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COMMISSION ECONOMIQUE POUR L'AFRIQUE

ORGANIZATION OF AFRICAN UNITY
ORGANISATION DE L'UNITE AFRICAINE

LC/NAIROBI.

Eighth Session of the Conference of
African Ministers of Trade

(Brazzaville, Congo, 28-31 October 1985)

A. [illegible]

1. The eighth session of the Conference of African Ministers of Trade was held in Brazzaville, Congo from 2 to 31 October 1985.

2. The meeting was formally opened by Dr. Rose Francine Rouamba, the Prime Minister of the People's Republic of the Congo, on behalf of His Excellency Denis Sassou Nguesso, President of the People's Republic of Congo. Opening statements were also made by Mr. Koul Attia, Assistant Secretary-General for Economic Development and Co-operation of the Organization of African Unity (OAU) and Mr. Adebayo Adedeji, Executive Secretary of the Economic Commission for Africa (ECA).

3. The meeting was attended by representatives of the following countries: Algeria, Angola, Benin, Burundi, Cape Verde, Cameroon, Congo, Djibouti, Egypt, Ethiopia, Gabon, The Gambia, Guinea-Bissau, Ivory Coast, Kenya, Madagascar, Mali, Morocco, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sudan, Togo, Tunisia, Uganda, Zaire, Zimbabwe.

4. The following United Nations organizations were represented: the United Nations Conference on Trade and Development (UNCTAD), the United Nations Centre on Transnational Corporations, the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO), the International Trade Centre (ITC) and the General Agreement on Tariffs and Trade (GATT).

5. The following intergovernmental organizations were represented by observers: the Economic Community of Central African States (ECCAS), the Preferential Trade Area for Eastern and Southern African States (PTA), the African Centre for Monetary Studies (CAMES), the Federation of Chambers of Commerce of Central African States (FCCAC).

A. ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

6. The Conference elected the following officers

Chairman	Congo
First Vice-Chairman	Kenya
Second Vice-Chairman	Algeria
Third Vice-Chairman	Guinea-Bissau
Rapporteur	Zimbabwe

7. At its second meeting on 28 October 1985, the Conference adopted the following agenda:

1. Opening ceremony
2. Election of officers
3. Adoption of agenda and programme of work
4. General debate
5. Consideration of the report of Experts' meeting
   - (i) Recent developments in Africa's international trade relations
   - (ii) Expansion of domestic and intra-African trade
   - (iii) Trade promotion and market research in Africa
   - (iv) Activities of transnational corporations in Africa
   - (v) Report on the establishment of an African Monetary Fund
   - (vi) Report on the Follow-up Ministerial Committee meetings
6. Any other business
7. Date and venue of the ninth session
8. Adoption of the report and closure of the meeting.

C. ACCOUNT OF PROCEEDINGS

Opening statements

8. After thanking the Prime Minister of the Congo for opening the meeting in person and expressing his gratitude for the welcome given to all delegations attending the Conference, the Gabonese Minister of Trade, the outgoing Chairman of the Conference of African Ministers of Trade, said that the economic crisis in Africa had worsened over the last three years. The report of the Ministerial Follow-up Committee before the current conference was an appropriate basis for analysing the situation. The Group of 77 in general and African countries in particular had been disappointed by the results of the sixth session of UNCTAD which had been negative despite the efforts that went into the drafting of the Libreville Memorandum, the Buenos-Aires Platform and the various resolutions introduced by developing countries.

9. African countries should continue to make their demands heard within UNCTAD. Those African countries that had not yet done so, should sign and ratify the Agreement on the Common Fund under the Integrated Programme for Commodities. Over the past three years Africa had won major victories in its quest for economic unity in line with the Lagos Plan of Action and the Final Act of Lagos. The Preferential Trade Area for Eastern and Southern African States (PTA) and the Economic Community of Central African States (ECCAS) had been established. The poor volume of intra-African trade remained a source of concern. Information and the State of communications facilities were certainly handicaps but in addition to political decisions concrete measures should be taken in conformity with the guidelines of the twenty-first Assembly of Heads of State and Government of OAU.

10. The Assistant Secretary-General of OAU, Mr. P.O. Etiang, expressed appreciation to the Government and people of Congo for the warm hospitality and excellent facilities provided for the 8th Conference of African Ministers of Trade. He offered the apologies of the OAU Secretary-General, Mr. Ide Oumarou, who was unable to be present in person on account of other official commitments.

11. The eighth Conference, he said, was an important occasion for revieving the results of UNCTAD VI and devising a strategy for UNCTAD VII, both exercises to be undertaken in the context of an adverse African economic situation and in the spirit of the 21st Ordinary Session of the Assembly of Heads of State and Government of OAU.

12. In the specific field of intra-African trade, Mr. Etiang referred to the modalities agreed in the Lagos Plan of Action, particularly with regard to the strengthening of subregional economic groupings, which should ultimately lead to the establishment of an African common market by the year 2000, as called for in the Final Act of Lagos. In this regard, he stressed that the relevant decisions contained in the Priority Programme for Economic Recovery which was adopted by the 21st Assembly of Heads of State and Government of the OAU should be borne in mind by the Conference.

13. In the light of the decision by the African Heads of State to create an African Economic Community, OAU in co-operation with UNDP had held a colloquium in September 1985 on the theme What type of African Economic Community by the year 2000? to provide a forum for individual African personalities to make a contribution on the content and modality of the proposed community. He mentioned salient recommendations made by the colloquium, the most important of which was that the proposed economic community should not be based on the mere exchange of traded goods but on their manufacture by participating States on the basis of market demands and cost analysis considerations. This would be the sure permanent answer to Africa's extraverted trade and foreign dependence for its development.

14. Turning to the international scene, he made reference to many problems facing Africa's exports and to the failure of the industrialized countries to implement remedial measures agreed within the framework of UNCTAD, GATT etc. He further stressed that it was necessary to ensure an effective and full implementation of the Lome III Convention. The importance of careful African member States' preparation for an effective, persistent and consistent participation in international economic negotiations was stressed, as well as the need for African countries to ensure that the adoption of a common position for all developing countries within the Group of 77 did not compromise the basic interests of Africa. The OAU Permanent Steering Committee which was established by the 21st Assembly of Heads of State and Government had, as one of its tasks, the co-ordination of an overall collective policy orientation for African participation in international negotiations.

15. Mr. Etiang concluded by calling on the Conference to re-examine the basic elements of African international and domestic trade relations, and to address itself to the decisions of the 21st OAU Summit and as to how the inter-relationships among issues in the field of trade and other economic sectors could respond and contribute effectively to the needs of accelerated economic transformation in Africa.

16. The Executive Secretary of the Economic Commission for Africa (ECA), Mr. Adebayo Adedeji, expressed his gratitude to the President, Government and People of the Congo for their efforts and sacrificies to ensure the Conference would be a success. Outlining the extent of the crisis which continued to trouble Africa's economic development, in particular the damage caused by natural disasters and the continuing crippling external debts, he spoke of a number of recent developments to which he hoped the Ministers would turn their attention.

17. Despite the African countries' thorough preparations for the sixth session of UNCTAD, the results of the session had been most disappointing. Not only had the industrialized countries, both East and West, been unwilling to discuss the issues affecting Africa seriously, they had made deliberate efforts to frustrate any expansion of African exports to their markets. There had been no progress on the problems of protectionism, compensatory financing for shortfalls in developing countries' export earnings, technology transfer, increased official development assistance to developing countries or increased exports by them of goods and services, to Eastern Europe in particular. He hoped the Ministers would consider what concrete action the ECA and OAU secretariats should take and what issues should be included in Africa's position at the seventh session of UNCTAD, to be held in 1987.

18. Turning to the Lomé III Convention between the ACP countries and the European Economic Community, he reiterated that while it fell short of the real needs of African countries, the new Convention did represent some improvement over the previous two, and he was proud to record the modest contribution of the ECA and OAU secretariats. Overall resource flows to the ACP countries were expected to increase, and specific issues such as industrialization, agricultural development, regional integration and the stabilization of Export Earnings Scheme (STABEX) had been given due recognition. Now that the Convention had been signed, African Governments must take full advantage of its provisions so as to accelerate the region's economic development. He therefore urged the Conference to consider what specific action ought to be taken.

19. The steady deterioration of Africa's external trade balance over the past five years and more, largely because of persistently low commodity prices on the world market, was a matter of great concern to Africa which the Executive Secretary underlined. The problem was aggravated by increasing import bills which had swelled the already serious balance-of-payments deficits of many countries. Part of the problem stemmed from the control wielded over the production and export of primary commodities by transnational corporations, which colluded with major buyers in industrialized countries to depress the prices of commodities. Moreover, fluctuations in exchange rates were forcing many African countries to devalue their currencies, throwing their trade policies into total disarray.

20. He drew attention to the disappointingly low level of domestic and intra-African trade constituting between 2 and 4.5% of Africa's total trade. The trade oriented subregional economic groupings which had been created were not having the desired impact because they were not used effectively by the Member States. Other constraining factors included lack of trade promotion, trade information and trade financing mechanisms. With regard to the latter problem, the proposed creation of an African Monetary Fund could bring about a considerable improvement.

21. The diversification of Africa's trade would be a long and difficult task. As other developing regions in South East Asia and Latin America had already made substantial progress in diversifying their economies, Africa also must now shoulder the burden of pressing for a more equitable international trade system which would increase its commodity-export earnings and for the dismantling of protectionist barriers to world trade. He went on to add that, at the domestic and intra-African level, the major task was to develop and strengthen trade structures, policies and capabilities to ensure that in future changes in international relations would not frustrate the region's trade and development policy.

22. His Excellency Mr. Ange Edouard Poungui, The Prime Ministers of the People's Republic of the Congo, speaking on behalf of the President of the Republic, H.E. Mr. Denis Sassou N'Guesso, welcomed participants and assured them that his Government would spare no effort to make the Conference a success.

23. The African Ministers of Trade were meeting at a crucial moment for the continent. Africa was moving into a period of profound change which required a fresh approach and new economic development policies. The adoption of the Lagos Plan of Action and Final Act had signalled the dawning of a new awareness. It was time to give effect to the strategy laid down in conformity with the measures adopted at the 21st OAU Summit. It was no less important to reflect on how to incorporate the Lagos Plan of Action into African countries' development plans in order to ensure that it was actually put into effect.

24. The current crisis had shown how insecure and over dependent the African economies were. Africa had to import most of the produce it needed to feed its population because of the low productivity of the African economies. The lack of real growth in output had resulted in severe balance of-payments and liquidity crises in many African countries, forcing them to accept readjustment programmes which compromised the real efforts they were making to bring about development.

25. Development policies which relied on external factors such as international demand for basic commodities and international aid stood no chance of succeeding, given the collapse of the commodity markets combined with the recession of the 1980s and stagnating official development assistance. Debts and debt-servicing charges had grown as a result of falling export income which had seriously affected the balance of African countries' foreign accounts. Therefore the development policies of African countries needed to be geared to meet the needs of the continent. To achieve that, production lines had to be readjusted to produce what was consumed by the people of Africa. Domestic markets needed to be structured, joint and community enterprises set up and stricter, more development-oriented import policies adopted. Appropriate measures for speeding up co-operation and expanding intra-African trade to establish subregional common markets and a regional common market also needed to be implemented. The only way African countries could break away from the current international division of labour which tied them to the developed world's system of domination was through inter-African economic co-operation. Intra-African trade should be liberalized through the systematic implementation of treaties signed under subregional groupings.

26. Africa should free its trade by diversifying it and establishing links with non-traditional partners. African countries should present a united front at international negotiations. The poor results of the sixth session of UNCTAD and the shortcomings of the various commodity conventions were strong arguments for approaching negotiations with much greater caution. The Conference should make recommendations and indicate how the implementation of the Lagos Plan of Action could be accelerated in the areas of domestic trade, intra-African trade and co-operation among African countries. Trade needed to be controlled through public and/or private national mechanisms. African countries had the foundations and potential required to develop. Priority should be given to practical measures in conformity with repeatedly reaffirmed political will so as to implement the African development strategy and its related programmes.

General debate (Agenda item 4)

27. Under this item delegations were invited to make statements on the general trade and economic situation as it affected their countries and institutions, and to present their views on the promotion of intra-African trade. The statements made are summarised below.

28. The representative of Cameroon said that the papers prepared by the secretariat had highlighted the most crucial economic issues in the African region and those that affected Africa's relations with the world in general. Had it not been for the world economic recession which affected all African countries the Cameroon economy could have performed much better than it had. However, one reason for Cameroon's relatively better performance was the high level of food self-sufficiency and the contribution of agriculture to external trade. At international level, Cameroon's membership of many international, regional and subregional economic organizations was evidence that the country approved the principles expressed in the Lagos Plan of Action and the Final Act of Lagos.

29. He called for the creation of mechanisms to regulate commodity prices, especially the price of cocoa whose international agreement was soon to expire; this would ensure higher export earnings and stable revenue receipts. He also expressed strong support for the creation of an African Monetary Fund to assist the development of the continent through the financing of intra-African trade.

30. The representative of Chad suggested that the Conference of African Ministers of Trade should consider the possibility of establishing industrial plants for manufacturing insecticides, fertilizers and other factors of production in order to control and improve agricultural production; this could be done within a sub-regional or regional by using the funds allocated under the Third Lome Convention for subregional co-operation and, eventually, other sources of financing. The Conference should also consider designing programmes for establishing subregional and regional seed stocks. Special arrangements should be made at the subregional and regional levels to facilitate the trade of landlocked countries especially, the transit of their exports and imports.

31. The representative of the Congo reaffirmed his country's commitment to intra-African co-operation and subregional economic co-operation under the Economic Community of Central African States (ECCAS). To promote domestic trade, efforts were being made to open up the hinterland of the country through the construction of road and railway links. Special attention was being paid to regulating domestic and decentralizing distribution networks.

32. The establishment of state trading enterprises which were granted monopolies was one of the means the Congo used to control external trade. With respect to trade promotion, trade and technical import offices had been opened to help control imports. The Congolese Centre for External Trade would be strengthened to play its role fully. Action was being taken to control transnational corporations operating in the Congo. The Congo supported the proposed African Monetary Fund as a mechanism for harmonizing monetary and financial policies.

33. The Egyptian representative referred to the adverse impact of the international economic environment on the African economies and the effects of prolonged drought, declining commodity prices, protectionist tendencies, low financial flows, debt crisis and reverse resource flows. He cited the Lagos Plan of Action as a major effort to deal with African development problems and achieve economic independence after long periods of colonialism.

34. He called on the Conference to implement the measures recommended in secretariat document E/ECA/OAU/TRADE/19/Rev.2, and to urge the developed countries to implement United Nations General Assembly Resolution 39/29 calling for partial or total cancellation of debts and their conversion into grants.

35. Since little had come of the sixth session of UNCTAD and the Agreement on the Common Fund for commodities was not yet ratified, careful preparations should be undertaken for UNCTAD VII. His delegation viewed the proposed round of multilateral trade negotiations with skeptism. It was necessary for African countries to increase their efforts within the context of ECDC, and in particular promote the Global System of Trade Preferences among developing countries (GSTP) as a complement to North-South dialogue. With respect to UNCTAD resolution 157(VI) and Trade and Development Board decision 317 (S-XIV) on compensatory finance, he urged all African countries to make their views known and take an active part in the discussions so as to permit a thorough examination of the proposal.

36. In the area of domestic trade Gabon was striving to attain self-sufficiency in food through the establishment of very capital intensive agro-industries. Satisfactory results had been attained for many foodstuffs required to feed the population. Gabon was focusing on the construction of transport networks such as the trans-Gabonese railway line and paved highways linking urban to rural areas as measures to promote domestic trade. Gabon was setting up decentralized distribution networks between the urban and rural areas through a rational allocation of resources.

37. The share of intra African trade in Gabon's overall trade increased from 3.5 per cent in 1977 to 7 per cent in 1984. Gabon fully supported the establishment of the African Federation of Chambers of Commerce and the African Monetary Fund and the strengthening of subregional economic integration organizations including the Economic Community of Central African States (ECCAS). The distribution of large projects at the subregional level should be harmonized to avoid a situation where there was competition among production plants without viable markets. Gabon had established machineries to control transnational corporations such as the Ministere des participation aux Societes and had demanded particularly that 10 per cent of the capital of transnationals should be held by the Gabonese Government and had introduced the Provision for Investment Diversification to finance economic projects designed to pave the way for the post petroleum boom.

38. The representative of the Kenya thanked the host government and its people for the arrangements and the hospitality which his delegation had been given. After giving an overview of some of the causes which underlie Africa's economic crisis, he urged African countries to use the continent's abundant resources and the diversification of African economies with a view to creating a sound industrial base. He reiterated the need for strengthening subregional economic co-operation as outlined in the Lagos Plan of Action. Kenya would continue to participate in subregional economic co-operation activities, especially in promoting intra-African trade.

39. With regard to international economic negotiation, he said that sustained and co-ordinated national, subregional and regional preparedness would further strengthen Africa's positions in international fora. Regretting the failure of UNCTAD VI, he urged African countries to prepare adequately for UNCTAD VII. Meanwhile, he urged those countries which had not yet signed and/or ratified the Common Fund, to do so speedily in order to bring it into operation without further delay.

40. The representative of Madagascar told the Conference of his country's work to promote trade among the islands of the Indian Ocean as an integral part of efforts to carry and the African strategy for integrated development. The Comoros, Madagascar, Mauritius, the Seychelles and Reunion had decided to hold periodic meetings on what had become known as the economic group of Indian Ocean islands, to promote economic relations in general and trade relations in particular among the countries of the subregion. Madagascar certainly intended to become an active member of the Preferential Trade Area, but it wanted enough time to bolster its production so as to become an equal partner of the countries of Eastern and Southern Africa. It had signed the Agreement on the Common Fund and would ratify it shortly.

41. His country planned to attain self-sufficiency in food and expand its exports by diversifying its export products and trade flows. It was also working to rationalize the basic planning and management of its imports, to streamline its distribution networks, to ensure that the State trading companies were strictly managed and to apply permanent, rigorous controls to prevent runaway prices.

42. The Nigerian representative expressed deep concern at the current problems facing African countries, especially falling commodity prices, persistent balance-of-payments difficulties and the heavy burden of adjustment placed on developing countries by the developed countries' failure to modify their economic policies. The sixth session of UNCTAD had failed to tackle these problems effectively, or to make progress in restructuring the international economic framework to bring about the new International Economic Order.

43. Africa, he said, should now abandon its past development strategies, and implement fully the Lagos Plan of Action for the achievement of self-reliance and the increased production of food and essential goods and services through regional and subregional effort. On the Common Fund for Commodities, his delegation called on all countries which had not yet done so, to sign and ratify the Agreement.

44. The representative of Senegal said that his country had a considerable trade deficit which dropped slightly from 120 billion CFA francs in 1982 to 105 billion CFA francs in 1984. The deficit had been caused by (a) production fluctuations due to exogenous factors and the vicissitudes of the weather, (b) the protectionist policies of developed countries which utilized such non-tariff barriers as aflatoxine in the case of groundnuts and cadmium in that of phosphate.

45. The increase in the volume of imports was due to structural reasons including the cereals and energy deficit which accounted for 70 per cent of Senegal's trade deficit while imports of cereals amounted to about 30 billion CFA francs.

46. Given that situation, Senegal's trade policy had been reoriented and trading links had been established with African countries such as Nigeria and the Ivory Coast. Investments had been made to offset the structural energy deficit (exploitation of peat and liguite). Moreover, his country was concerned about the domination of the international phosphate market by transnational corporations. He underscored the need to emphasize strict management of subregional organizations and streamline management to ensure the smooth operation of institutions.

47. The representative of Zaire said that the Conference of African Ministers of Trade was being held at a difficult time for African countries particularly because of the imbalances of their structures, their indebtedness, the fall in raw materials prices and the deterioration in terms of trade and natural disasters. The slow-down in growth in industrialized countries hardly made future prospects brighter. The results of the various sessions of UNCTAD had not fulfilled the expectations of developing countries. Zaire, which had always advocated the liberalization of trade and the setting up of clearing and payments arrangements intended to participate actively in negotiations on the Global System of Trade Preferences among Developing countries.

48. Given the low level of intra-African trade, priority should be given to intensifying it so that industries needed to be integrated and investment policies harmonized. Although the third Lome Convention represented definite progress in relations with the EEC, resources that could be mobilized under assistance fell short of Africa's needs. Zaire supported the proposal to hold a special meeting of the General Assembly on Africa's economic situation and the convening of a conference on indebtedness which would be a means of promoting inter-African monetary co-operation and hoped that such a meeting would be held quickly.

49. The representative of Zimbabwe said that his country had almost attained self-sufficiency in key sectors such as agricultural food processing, building materials, pharmaceuticals and agricultural machinery which provided the basis for intra-African trade. The philosophy behind intra-African trade was to move Africa from the backwaters of the developed economies to the centre of development in the world, but that this could only come about if Africa tried to rely on itself. He recalled that Africa had already provided the steam for Europe's rapid development, and continued to play the role of a reservoir of resources for the developed world. As the various rounds of negotiations in UNCTAD had yielded disappointing results for African countries because of the negative attitude of some developed countries, thought Africa had no alternative but to master its own destiny and to convert resolutions into action.

50. The major problem with intra-African trade, he pointed out, was the paucity of information on what was produced and demanded. He therefore called upon ECA and OAU to ensure the establishment of an efficient data bank capable of disseminating trade information. Similar support should be given to the development of trade and development banks and inter-African transport and communication facilities. He also made a plea for free movement throughout the continent to be guaranteed by African governments, with the visa requirements of African businessmen receiving priority. Preference as regards tenders should be mutually and participation in African trade fairs should be generalized.

51. The representative of Burundi, speaking as Chairman of the Council of Ministers of the Preferential Trade Area for Eastern and Southern African States (PTA) described the process of tariff reduction and elimination of non-tariff barriers to trade which had started with a list of commodities produced by enterprises of PTA member States on the basis of tariff reduction rates provided for in the Treaty and agreed formula by the Council of Ministers. The highest tariff reductions were on food items, raw materials, intermediate and capital goods intended for economic transformation and lost in respect of linking items. PTA was working towards the elimination of all tariff barriers and the harmonization of customs regulations among its member countries.

52. The PTA Clearing House, established on 1 February 1984, was intended to reduce the need to use foreign currencies in trade within the Area by encouraging the use of national currencies in the settlement of transnations among themselves. Supply-and-demand studies now in progress would help to identify the full potential of intra-PTA Trade. A trade information network was being established at the PTA Headquarters in Lusaka and this would close linkage with national trade promotion centres. The PTA Federation of Chambers of Commerce would also help in implementing the objectives of the Treaty. The PTA Trade and Development Bank based in Bujumbura, Burundi, with a capital stock of 400 million US dollars, would be operational at the beginning of 1986. 15 to 25% of the Bank's resources would be allocated for trade financing through a special window.

53. The representative of the International Trade Centre (ITC) said that her organisation was a focal point inthe United Nations system for technical co-operation in trade promotion and reviewed some of the priorities for ITC's technical co-operation activities in Africa in line with the Centre's Africa Strategy. ITC's national, subregional and regional projects were complementary in the main areas of institutional infrastructure for trade promotion, product and market development, trade information, manpower development, import management techniques and specialized trade promotion services. The projects would not only contribute to the expansion of intra-African trade and provide support to the trade integration efforts and to subregional economic groupings but also help to alleviate the economic crisis in Africa in the medium and long-term.

54. The representative of UNCTAD said that even though UNCTAD VI may not have met the full expectations of developing countries, some results had nevertheless been achieved. A number of resolutions passed without dissent now required further work. He mentioned UNCTAD activities in the area of economic co-operation among developing countries (ECDC), in particular the preparations for the establishment of a Global System of Trade Preference (GSTP) which had reached an advanced stage. Further details of the action on UNCTAD VI decisions were provided in document E/ECA/TRADE/36.

55. In respect of commodities, he indicated that only limited progress had been made in the implementation of UNCTAD resolution 93 (IV) on the Integrated Programme for Commodities. Three new International Commodities Agreements had been established on jute and jute products, natural rubber and tropical timber. The Common Fund which was successfully negotiated in 1980, was still not in operation as the present number of 87 ratifications of the Agreement and subscribed capital fell short of the total required. He urged African countries which had not yet ratified the Agreement to do so as soon as possible. He also said that the prospects for a successful outcome of negotiations on new commodities agreements, in particular cocoa, would depend to a large extent on the ability of producer countries to forge and maintain a common position. He urged African Governments to participate actively in the discussions on the UNCTAD secretariat's proposals on compensatory financing and on the processing, marketing and distribution of primary commodities, which were currently under consideration in UNCTAD. In order to permit a thorough examination of the problems affecting African commodity exports, a conference of raw materials should be convened by African Governments, and in order to make Africa's voice more clearly heard in UNCTAD forums, close co-ordination and more active participation by African Governments in UNCTAD meetings was required.

56. In his statement the representative of GATT told the Conference of Ministers about the preparatory work for launching a possible new cycle of multilateral ttade negotiations within GATT. The GATT secretariat was prepared to held African countries to work out their position in preparation for such negociations.

Consideration of the report of the experts' meeting (Agenda item 5)

57. The Chairman of the Group of Intergovernmental Experts on African Trade and Development introduced the report of the Group's meeting held from 22 to 25 October 1985 (E/ECA/CAU/TRADE/27). The Conference used that report as the basis for the discussions summarised below.

(i) Recent developments in Africa's international trade relations

(a) Report of the Third Ministerial Follow-up Committee on Trade and Finance for African Development

58. The 19th Ordinary Session of the Assembly of Heads of State and Government of OAU had specifically called for a review and assessment of the results of UNCTAD VI by the Conference of Ministers of Trade. Because of the importance of the issues discussed, all member States of ECA had been invited to participate in the deliberations. The views and decisions contained in the document E/ECA/CM.10/36 were, therefore, those expressed by the majority of all the ECA member States, not only of the statutory 15 members of the Ministerial Follow-up Committee. The Conference also noted that Annex II to the report contained a number of resolutions and recommendations of singular significance to Africa's overall economic development strategy.

59. The Conference took note of the report of the Follow-up Committee which had also been submitted to the ninth session of the ECA Conference of Ministers, and that many of the views it contained had been incorporated in the report of the OAU Steering Committee set up to prepare the documentation for the twenty-first Ordinary Session of the Assembly of Heads of State and Government of OAU, held in July specifically to consider the economic situation in Africa.

(b) Policy implications of the recent developments in Africa's international trade relations

60. The Conference reviewed this agenda item in the light of document E/ECA/OAU/TRADE/10/Rev.2. The Conference reiterated the importance of interdependence and co-operation in international trade and economic relations, and stressed that although economic recovery had begun in some industrialized nations during the past three to four years, the African economies had not benefited. In fact, the adverse international economic environment had exacerbated the economic difficulties facing Africa.

61. The Conference agreed that Africa's international trade crisis was aggravated among other things by the following factors:

(a) The collapse in the prices commanded by primary commodities of major interest to African countries, which were becoming steadily less remunerative to African producing countries.

(b) Fluctuations in the exchange rates of major currencies, which continued to frustrate Africa's trade policy and had thrown the economies of African countries into disarray.

(c) The persistent adverse balance of trade of many African countries resulting from drastic reductions in their export earnings while they faced inreasing import bills.

(d) The continuing dependence of many African countries on exporting a few primary commodities, aggravated by heavy imports of food. This was, the Group felt, a direct result of past development policy which had emphasized the production of cash crops to the detriment of food, especially staple grains.

(e) Restrictive and protectionist policies exercised by the developed countries against manufactured and semi-manufactured goods exported from African countries

(f) The South African Government's continued policies of aggression for the purpose of destabilizing neighbouring independent African states, both directly through distructive military incursions and indirectly by its sponsorship of armed bandits and its illegal occupation of Namibia these activities have hampered efforts by the Southern African Development Co-ordination Committee (SADCC) and the Preferential Trade Area of Eastern and Southern African States (PTA) to foster increased trade and economic development in the region.

(g) An unfavourable international economic environment which had greatly contributed to the worsening of socio-economic conditions in Africa.

(h) Drought, desertification, famine and natural calamities.

(i) The increased external indebtedness and debt servicing burdens of African countries

(j) The stubborn refusal of some developed countries to honour the commitments on international co-operation made in numerous institutions

(k) The inadequacy and/or poor quality of transport and communications infrastructure which tend to restrict certain African countries exports and their imports of enough basic necessities and capital equipment to meet their needs.

62. The analysing of these factors by the Conference showed that the central policy implication of developments in international trade relations was the need to focus on Africa's psychological reawakening and redefine its development strategy with a view to improving trade policies and mitigating the extent to which special circumstances in the developed countries adversely affected Africa's development efforts in the field of international trade and finance.

63. The Conference also noted with concern the failure of UNCTAD VI to take into consideration Africa's priorities as clearly defined in the Libreville Memorandum and the Buenos Aires Platform. There was an urgent need for African Governments to review many of the developments in international trade arrangements to which they were party. Areas in which consultation and collective action by African countries were critically necessary included:

(a) Calling urgently on the African and other developing countries which have not yet done so, the United States, certain members of OECD, the USSR and the other Socialist countries of Eastern Europe to sign and ratify the Agreement on the Common Fund for Commodities as a practical demonstration of their support to one of the most important international instruments designed to contribute to Africa's development. The African group, in collaboration with the Group of 77, should intensify its efforts to urge the two super powers to sign and ratify the Agreement.

(b) Calling upon the developed countries to desist from introducing new protectionist measures (standstills) and roll back existing measures against exports from developing countries to apply UNCTAD resolution 93(IV) on the Integrated Programme for Commodities (IPC) and to augument the resources of the Common Fund in view of the social and economic crisis in Africa. In the light of UNCTAD resolution 157 (VI) and Trade and Development Board Decision 317 (S-XIV) on compensatory finance, African countries should make their views known and take an active part in the discussions so as to permit a thorough and constructive examination of the proposal.

(c) Recognising the need for African countries to demonstrate their collective intention to participate in the global system of Trade Preferences among Developing Countries (GSTP) and for adopting a common position, in particular on the legal framework, rules of origin, and the treatment of LDCs, bearing in mind Africa's level of industrial development, in order to enable all developing countries to take full advantage of the system. The Conference urged UNCTAD in collaboration with ECA and OAU to continue to extend assistance to the African countries in order to enable them to participate effectively in the GSTP negotiations and to proceed with the implementation of the UNDP financed GSTP project. The Conference further urged that preparations for GSTP negotiations should take place at sub-regional and regional levels.

(d) Redefining and strengthening the machinery for North-South negotiations within the framework of UNCTAD to ensure that it responded adequately to African needs.

(e) Preparing for UNCTAD VII well in advance so that African countries could decide in which areas of trade, monetary policy and finance international action would be most beneficial to developing countrids.

(f) Recognizing Africa's dependence on the commodity markets and accepting the need to study the possibility of setting up Africa's own commodity stabilization mechanisms in order to prevent further commodity price declines; this applied especially to the International Cocoa Agreement, which was about to expire before African cocoa-producing countries had found appropriate alternative arrangements.

(g) Taking action on the Lagos Plan of Action and Africa's Priority Programme for Economic Recovery as adopted by the twenty-first Ordinary Session of the Assembly of Heads of State and Government of OAU (Addis Ababa, 18 to 20 July 1985) which stressed that African countries should spare no efforts in laying the groundwork for a stronger industrial base. In this connection, the Conference called for more extensive structural and geographical diversification in order to encourage the use of primary commodities as a proper base for development.

64. In discussing the Lome III Confention, Ministers felt that while the results of Lome III were not entirely satisfactory, they nonetheless provided a basis for co-operation with EEC. The meeting therefore recommended African countries signatories to the Convention to make full use individually and collectively of the provisions of the Lome III Convention. For instance, title VII of the Convention opened the possibility for funding development projects submitted by one or more subregional economic groupings of which ACP States were members. In particular, the Ministers agreed with the recommendations that industrialization programmes focussing specifically on food production and agricultural development should be

stepped up in the ACP countries, and felt that the rehabilitation and reconstruction of agro-industries devastated by drought, desertification and other natural calamities should be treated as a priority.

65. The Ministers also felt that the European Economic Community should assist ACP countries to restructure their trade patterns within the framework of priorities laid down by the ACP countries and recommended that Ministers should insist on the removal of trade restrictions currently applied by EEC to Africa's exports.

66. In the discussion of Africa's promotion of trade with Eastern Europe, the Ministers agreed that trade with the Socialist countries had great potential but was quite complex and required medium and long term protocols. They therefore called upon OAU and ECA, with the co-operation of UNCTAD, to take the responsibility of negotiating for the promotion of trade between these two groups of countries, with particular regard to:

(a) Finding ways of persuading the Socialist countries of Eastern Europe to abandon their negative attitude based on historical considerations towards global proposals by the developing countries and towards African exports of manufactures and semi-manufactures, seeking ways of facilitating the access of African commodity exports to the Socialist countries of Eastern Europe;

(b) Establishing a payments and clearing system for financing trade between Africa and the Socialist countries of Eastern Europe. This would improve the ability of the African countries to take advantage of these relations;

(c) Encouraging trade missions and business tours between African and the Socialist countries of Eastern Europe as a basis for the effective promotion of trade and co-operation among them. To this end, the secretariat of ECA, in collaboration with UNCTAD, should contact such economic groupings of the Socialist countries of Eastern Europe as the Council for Mutual Economic Assistance (CMEA), organize an expert meeting or a roundtable of high ranking officials and experts from Africa and the Socialist countries of Eastern Europe to consider the most effective ways of encouraging trade flows between the two groups of countries.

67. The Conference of Ministers called upon the developed countries to implement in full paragraph 17 of the declaration annexed to United Nations General Assembly resolution 39/29 on the critical situation in Africa, which called inter alia for the conversion wholly or partially of the African debt into grants under the terms of official development assistance.

68. The Conference also called for action on the call made by the African Heads of State and Government at their 21st summit conference for an international conference on Africa's external debt where the international creditors and African debtors should meet to discuss the African debt and device suitable solutions for the short, intermediate and long terms.

69. Likewise, the Conference called for the speedy implementation of the proposal made at the 21st OAU summit for the convening of a special session of the United Nations General Assembly on the critical economic situation in Africa.

70. The Conference discussed the implications of the envisaged new round of the multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). The Conference was informed about the discussions aimed at initiating a new series of multilateral trade negotiations under the auspices of the General Agreements on Tariffs and Trade (GATT). The Ministers decided that there was a need for the African countries to prepare themselves adequately in order to arrive at a common African position. They called upon the secretariat to provide assistance and opportunities for the African group to exchange views and harmonize their position on the issues surrounding the new negotiations in line with Africa's Priority Programme for Economic recovery 1986-1990 (AHG Decl.1(XXI), Annex I) of July 1985 which inter alia stated that:

- the system of trade in services which will be the subject of negotiation during the next round should be given special attention by Africa;
- an important place should immediately be given to the question of agricultural products, within this institution;
- Africa should demand preferential systems for African Agricultural products without prejudice to the preferences enjoyed by all African States which have co-operation agreements with the European Economic Community (EEC).

71. The Conference further urged that there should be continuity of the African member States' representation throughout all international negotiations in order to ensure effective and co-ordinated African positions.

(ii) Expansion of domestic and intra-African trade

72. The Conference considered the present structure of domestic and intra-African trade in the context of chapter VII of the Lagos Plan of Action, which emphasized the need to rationalize domestic trade distribution as a means of balancing investment and growth in urban and rural areas and to reduce or eliminate barriers to intra-African trade by the end of 1990. The Plan also called for substantial reductions by December 1984 in the customs duty payable on intra-African trade in food crops such as cereals, rice, coffee, tea, maize, sorghum, wheat, pulses, sugar, meat, fish, oilseeds, and vegetable oils etc. for the establishment of preferential trade areas by the end of 1994, for the introduction of machinery to facilitate and develop trade, including trade promotion centres and a federation of African chambers of commerce, and for the establishment of multinational production and marketing enterprises.

73. The Ministers noted modest progress in implementing the stipulations of the Plan for example, trade institutions had been created in the Western, Central and Eastern and Southern African subregions. Specifically, the Conference of African Ministers of Trade noted with satisfaction the progress achieved by the Preferential Trade Area for Eastern and Southern African States (PTA), in implementing its objectives of promoting trade in the Eastern and Southern African sub-region within the context of the Lagos Plan of Action. Nevertheless, intra-African trade amounted to barely two per cent of the world total-less in fact, than when the Lagos Plan of Action had been adopted. Many African countries were still erecting trade and customs barriers against one another. North Africa had made no progress towards the establishment of a preferential trade area, and preferential trade arrangements in other subregions were not being fully exploited.

74. The Ministers also noted with concern that goods originating from member States were rarely accorded preferential treatment. Other important sectors such as industry, agriculture, transport and communications were not geared to the promotion of intra-African trade. The Conference agreed that urgent measures must be taken to enable Africa to become self-reliant and increase its negotiating power in international negotiations. The Ministers' deliberations on the most appropriate policy for promoting intra-African trade were largely guided by Africa's Priority Programme for Economic Recovery 1986-1990 (AHG/Decl.1(XXI) Annex I) adopted at the twenty first ordinary session of the Assembly of Heads of State and Government of OAU, held in Addis Ababa in July 1985.

75. In the light of that Declaration and the Lagos Plan of Action, the Conference agreed on the following measures for promoting intra-African trade:

(a) Immediate action by all African countries to increase intra-African trade to 10 per cent of the world total by the end of 1995;

(b) Increased efforts to progressively reduce and eventually remove all trade and customs barriers to intra-African commerce, especially those affecting the cash crops specifically mentioned in the Lagos Plan of Action, by the end of 1995;

(c) Renewed efforts to support and strengthen the subregional institutions for trade promotion called for in the Lagos Plan of Action;

(d) Significant improvements in intra-African trade information and marketing systems and systematic monitoring and evaluating trade performance by African countries;

(e) Firm commitments by all African countries to permit and encourage the free movement of African traders and economic operators for the purpose of promoting intra-African trade;

(f) Prompt action to regularize increased border trade where necessary, by creating border free trade zones within which traditional operators may continue to function;

(g) Priority, where circumstances permit, to tenders for the provision of goods and services offered by or originating from other African countries;

(h) Increased use of African airlines and shipping lines for freight services and the transportation of goods for intra-African trade;

(i) Appropriate pricing policies and other incentives designed to encourage domestic and intra-African trade especially in food and food products.

76. The Conference agreed that steps must be taken to link trade development with progress in sectors such as industry, agriculture, education and training, transport and communications, as outlined in paragraph 76 of the Africa's Priority Programme for Economic Recovery 1986-1990 as adopted by the 21st Summit of OAU. Specifically, it decided to call on the Ministers of transport and communications to give priority to the creation or rehabilitation of inter-country road and rail links likely to encourage the growth of intra-African trade, with

particular emphasis on feeder and access roads permiting easier transport to market rural produce the various trans African highway projects should be completed without delay. Prompt action should be taken to develop adequate storage and distribution facilities for intra-African trade. Likewise, African Ministers of industry, science and technology and energy should be requested to adopt appropriate policies and priorities towards growth in intra-African trade in order to promote the structural adjustments the region needed for development.

(iii) Trade promotion and market research in Africa

77. The Conference of Ministers took note of secretariat document entitled "Trade promotion and market research in Africa (E/ECA/TRADE29) and recognised that a more integrated approach to the promotion of trade, domestic trade included, and trade promotion policies consonant with self-reliant and self-sustaining development strategies were vitally important. A clear understanding of market mechanisms was required for countries to be able to take the necessary measures to counteract the transnational corporations that manipulated Africa's national, subregional and regional markets. African countries also needed to train qualified people, especially people skilled in macro-marketing planning to ensure the rational, market-oriented planning of their trade. The role of African businessmen in development should be enhanced through action-oriented training in market research and through field marketing missions. Trade data banks and trade information systems should be promoted so as to ensure the dissemination of trade information. Supply-and-demand studies would further help in identifying African markets for imports and exports. In sum, Africa's national, subregional and regional trade promotion systems must be strengthened and their activities better cordinated.

78. The recovery and adjustment policies advocated by international monetary and financial institutions were not always suited to the specific circumstances and structural nature of the imbalances in the economies of most African countries. The remedies advocated provided only partial and short-term answers to the development problems of the region.

79. The Conference reiterated that it was also important to understand market mechanisms and how they were manipulated by foreign firms and transnationals, which often captured African domestic markets through the manipulation of international consumption patterns. The demand differentiation resulting from such situations made it difficult for African countries acting individually to restructure their national markets with a view to facilitating national economic development African countries urgently needed to adopt appropriate measures and legislation to re-structure national markets. Income distribution imbalances needed to be corrected, production lines which needed protection and promotion had to be identified, and selective import programmes that placed emphasis on food production and capital goods must be adopted.

80. The Conference noted that existing African distribution networks were not geared to the expansion of national and intra-African trade; new types of distribution network based on national private and public enterprise must be promoted. Foreign firms should take into account local needs and redirect their activities accordingly. The meeting also agreed on the necessity of linking production and trade within national development plans, using a macro-marketing approach

complemented by training in marketing-oriented planning techniques provided by national and subregional management and trade promotion institutes. It decided that national, subregional and regional trade promotion institutions should be reinforced and given the necessary resources to function properly. A percentage of national taxes on imports should be allotted for trade promotion purposes at the regional level, the Association of African Trade Promotion Organizations (AATPO) and the Federation of African Chambers of Commerce should receive full support from African Governments. The importance of market research and supply-and-demand studies was stressed, and it was said that member States should support fund-raising efforts in support of such activities.

81. As a means of alleviating the problems of trade promotion, the meeting called on member States to strengthen their co-operation in the exchange of trade information through subregional and regional trade information systems. ECA was requested to assist in co-ordinating such systems with technical backing from ITC.

82. The Conference took note of the report on AATPO activities and the progress made on the establishment of the Federation of African Chambers of Commerce, and requested the secretariat to devise means of rationalizing the activities of AATPO, the Federation of African Chambers of Commerce and ECA's African Trade Centre so as to avoid duplication and wastage.

83. The Conference noted the statement of the International Trade Centre (ITC) which reiterated the role played by that organization as the focal point in the United Nations system for trade promotion. It also noted that in addition to carrying out country projects, ITC was co-operating with African subregional groupings and regional trade promotion institutions in various programmes such as trade information, product and market development, including supply-and-demand studies, and training. The Conference also noted the appeal urging the African countries to give priority to trade promotion in their national plans and programmes, with a view to ensuring that donors including the United Nations Development Programme (UNDP) provided resources for the implementation of projects in that field which would help to alleviate the economic crisis in African in the medium and long term.

84. The Conference took note of the statement by the representative of UNCTAD pointing out the importance of co-operation among State trading organizations as a means of promoting subregional, regional and inter-regional trade, and mentioned the efforts that UNCTAD was making in collaboration with the International Trade Centre to foster such co-operation especially by publishing and updating a Handbook on State trading organizations of developing countries and establishing the International Association of State Trading Organizations (ASTRO). The statement included mention of his organization's efforts to promote trade between Africa and Latin America by organizing direct meetings between external trade operators of both regions, especially shipping lines, chambers of commerce and commercial banks. With respect to import trade promotion, UNCTAD was developing a programme for planning and managing import procurement and had recently completed a study on prospects for co-operation with respect to import procurement of some capital goods by some countries in North, East and Southern Africa.

85. The Conference took note of the progress report on the Fourth All Africa Trade Fair to be held in Lome, Togo, from 18 November to 1 December 1985. The representative of Togo said that 21 African countries had confirmed that they would take part in the Fair. He requested the OAU secretariat to make appropriate

arrangements to send a representative to Lome by early November. The Conference therefore appealed to all those African Member States which had not yet indicated their participation in the Fourth All African Trade Fair to do so.

(iv) Activities of transnational corporations in Africa

86. The Conference reviewed a document entitled "Transnational corporations in the marketing and exports of African primary commodities: some policy implications" and noted that transnational corporations (TNCs) were continuing to play a decisive but negative role in the production and trade in African primary commodities. Such TNCs controlled large-scale plantation agriculture and the production of many African export cash crops since the early stages of agricultural development and this in part accounted for the neglect of food production.

87. Three factors had emerged from this scenario (a) greater priority had been given to producing cash crops than to foodstuff production (b) the extractive and mining industries concentrated on exporting crude minerals while a small amount of processing was undertaken and (c) TNCs continued to control the processing, marketing and distribution of African primary commodities making African Governments more vulnerable to their manipulations in terms of pricing and export earnings which in the end compromised their political and economic independence.

88. In the discussion that followed, the Conference observed that it was more difficult to control the marketing and distribution of Africa's minerals and metals than other primary commodities in view of the fact that Southern Africa had the highest concentration of strategic minerals and metals among developing countries. Similarly, the prices of some minerals and metals were decided not by the producer countries but by the London Metal Exchange and other mechanisms over which the TNCs had great influence.

89. With respect to policy implications for Africa's trade expansion, the conference pointed out that Governments would continue to experience difficulties in adopting and implementing effective trade policies unless there was some effective control of the activities of TNCs. It was important for African countries to develop their ability to negotiate with TNCs so as to combat the techniques used by the latter to circumvent measures instituted by African Governments to try to control them. To that end, it was recommended that national agricultural commodity and minerals export bureaux should be established where they did not already exist to assist member countries with overall trade and pricing policies, information, production, distribution and marketing of their primary commodities.

90. The Conference stressed that African Governments needed to control the activities of TNCs. To achieve that objective, countries would need to develop local African managerial and technical expertise with the transnational corporations in order to wield some influence over the decisions taken by them. As a means of achieving that objective, the meeting urged the African countries to start with primary commodities which were both produced and consumed in the African region. African primary commodity producers were urged to take measures to get them increasingly involved in the production and marketing processes and, above all, to mobilize the African region's natural resources with a view to accelerating the development of African countries.

91. The conference also proposed the establishment of co-ordination mechanisms in production, marketing and information not only among African countries but also with other developing countries with respect to specific commodities. Co-ordination among producer countries would considerably reduce TNC domination, particularly with regard to transfer pricing practices by TNCs and their subsidiaries. The situation whereby Africa's commodity exports to developed countries were subsequently imported by other African countries was due to the lack of information and co ordination among African countries.

92. While the control of TNCs was considered an important element of Africa's development strategy, some delegations emphasised that care should be taken to ensure that if TNCs were led to reduce their investment or withdraw their operations, some African economies did not suffer unduly. Many countries were dependent on the activities of TNCs in the primary sector for the bulk of their foreign exchange earnings. TNCs could be controlled by being made to increase the level of processing in African countries with a view to providing additional employment and earning more foreign exchange. The control of TNCs through participation in management and decision-making was more effective than mere share ownership which did not necessarily imply a measure of control.

93. The conference noted the need to alert African Governments to the importance of the Code of Conduct on Transnational Corporations and the problems posed by transnational corporations. It agreed that measures should be taken to enable African countries to exercise effective control of TNCs in all aspects of their operations and activities, and adopted a resolution expressing support for the Code of Conduct which was being negotiated under the aegis of the United Nations Centre on Transnational Corporations.

(v) Progress report on the establishment of the African Monetary Fund (AMF)

94. The Conference took note of the report of the second meeting of the Inter-governmental Group of Experts, held in Addis Ababa from 11 to 15 April 1985, which considered the Feasibility Study on the Establishment of the African Monetary Fund. In particular, they noted the objectives of the Fund which included: (a) contributing to the economic and social development of African countries, (b) providing balance of-payments support to member countries and facilitating adjustments (c) promoting monetary and financial co-operation among African countries with a view to achieving economic integration and (d) promoting a pan-African forum for monetary and financial co-ordination, consultations and collective action. The prospose initial authorized capital stock was 2 billion US dollars, of which $750 million would be paid during the first years 2/3 by regional member and 1/3 by non-regional members.

95. The Conference decided that in view of the establishment of a Conference of Ministers of Finance to deal with matters relating to the establishment of the Fund, no further action was required from the Ministers of Trade. However, it requested the Conference of African Ministers of Finance to ensure that all trade financing issues were fully reflected in the proposed agreement establishing the African Monetary Fund, taking into account the financial requirements of the trade sector.

(vii) Report on the Ministerial Follow-up Committee's meetings

96. The Ministers considered document E/ECA/TRADE/IMF/10 on experience with the meetings of the Ministerial Follow-up Committee on Trade and Finance for African Development since its creation in 1980. They noted that attendance at the last three meetings the Committee had held had progressively declined. Although there were 15 members of the Ministerial Follow-up Committee, only six Ministers had attended the first meeting, three the second meeting and two the third meeting, the other member States on the Committee had been represented by experts. The Ministers viewed the decline in attendance, especially at the Ministerial level, with deep concern.

97. The Conference therefore, decided to abolish the Ministerial Follow-up Committee on Trade and Finance for African Development, and agreed that its biennial sessions should be preceded by a preparatory meeting of African inter-governmental group of experts. It was decided, however, that special sessions of the Conference could be convened whenever the need arose.

98. After a considerable debate on ways of securing full attendance by all member States at an appropriate level at all future meetings the Conference agreed that there were genuine difficulties at the national level that prevented such participation. In view, however, of the critical role played by trade especially intra-African trade, in Africa's development, it was decided that the chairman of the Conference of African Ministers of Trade should in future formally appeal to all member States, and in particular to his colleagues, to endeavour to attend all sessions of the Conference. In addition, it was agreed that measures should be explored by which the Head of State of the country currently chairing the Conference would request the current chairman of OAU to appeal to all African Heads of State and Government to release their Ministers of Trade to participate at these important Conferences.

99. The Ministers requested the ECA and OAU secretariats to synchronize and harmonize meetings at the regional level in order to avoid duplication and reduce costs. They also stressed the importance of negotiating with all Governments hosting future African meetings for reductions in the cost of hotel accommodation, in view of the growing cost of travel and accommodation for delegations to meetings, so as to permit full participation by all member states.

Any other business (Agenda item 6

100. The Conference considered the arrangements for the Fourth All-Africa Trade Fair which would take place in Lome, Togo from 18 November to 1 December 1985. It appealed to all African Governments to participate effectively in the Fair in recognition of its importance in the promotion of intra-African trade.

101. The Conference took note of the confirmation by the delegation of Zaire of its offer to host the fifth All-Africa Trade Fair in Kinshasa in 1988, and urged the Government of Zaire to confirm its offer in writing in time for the secretariat to make the necessary preparations. It also took note of the offer by Zimbabwe to host the sixth All-Africa Trade Fair in 1992, and decided that in the event of a withdrawal by Zaire, Zimbabwe should automatically host the fifth Fair in 1988.

Date and venue of the ninth session of the Conference of African Ministers of Trade (Agenda item 7)

102. The Conference of African Ministers of Trade expressed warm appreciation of the offer by the Zimbabwean delegation, subject to Government approval, to host the ninth session of the Conference of African Ministers of Trade.

D. DECISIONS AND RECOMMENDATIONS

The Conference of African Ministers of Trade recommended:

(a) Africa's International Trade Relations

(i) That urgent action be undertaken by African and other developing countries which have not yet done so, to sign and ratify the Agreement on Common Fund for Commodities and that the African group, in collaboration with the Group of 77, should intensify its efforts to urge certain developed countries especially the United States and the USSR, to sign and ratify the Agreement.

(ii) That the developed countries be called upon to desist from introducing new protectionist measures (standstill) and roll back existing measures against exports from developing countries, and also apply UNCTAD resolution 93 (iv) on the Integrated Programme for Commodities (IPC) and augment the resources of the Common Fund.

(iii) That the possibility of setting up Africa's own commodity stabilization mechanisms be studied focussing attention on preventing further commodity price declines resulting from possible non renewal of certain International Commodity Agreements.

(iv) That African countries should make their view known on the compensatory finance and take an active part in the discussions so as to permit a thorough and constructive examination of the proposal.

(v) That structural and geographical diversification of exports be intensified in order to encourage the use of primary commodities as a proper base for development.

(vi) That the developed countries implement in full paragraph 17 of the declaration annexed to United Nations General Assembly resolution 39/29 to convert wholly or partially the African debt into grants under the terms of official development assistance.

(vii) That the proposal made at the 21st OAU summit aimed at convening a special session of the United Nations General Assembly on the critical economic situation in Africa be implemented.

(ix) That UNCTAD in collaboration with ECA and OAU continue to extend assistance to the African countries in order to enable them to participate effectively in the Global System of Trade Preferences among Developing Countries (GSTP) negotiations. And similarly that preparations for GSTP negotiations should take place at subregional and regional levels and in this connection the above agencies should proceed with the implementation of the UNDP financed GSTP project.

(x) That preparation for UNCTAD VII should start well in advance to enable African countries to identify areas of trade, monetary policy and finance, in which international action would be most beneficial to developing countries.

(xi) That machinery for North-South negotiations within the framework of UNCTAD be redefined and strengthened to ensure that it responds adequately to African needs.

(xii) That African countries prepare themselves adequately to arrive at a common position on the envisaged new round of multilateral trade negotiations of the General Agreement on Tariffs and Trade (GATT) and called upon the ECA secretariat to provide assistance and opportunities to enable the African Group to exchange views and harmonize positions on the issues surrounding the new negotiations in line with Africa's Priority Programme for Economic Recovery 1986-1990 (AHG Dec.I (XXI) annex I) of July 1985, with particular emphasis on securing preferential systems for African agricultural products and on issue of trade in services.

(xiii) That African countries signatories to the Lome III Convention make full use individually and collectively of the provisions of the Convention, especially in respect of industrialization programmes focusing on food production and agricultural development as well as of development projects on subregional basis.

(xiv) That the European Economic Community assist ACP countries to restructure their trade patterns within the priorities laid down by the ACP countries and African Ministers should insist on the removal of trade restrictions currently applied by EEC to Africa's exports.

(xv) That ECA and OAU with the co-operation of UNCTAD take the responsibility of assisting with the promotion of trade between the African and the Socialist countries of Eastern Europe with particular regard to:

- finding ways of persuading the Socialist countries of Eastern Europe to abandon their attitude based on historical consideration towards global proposals by the developing countries and towards African exports of manufactures and semi-manufactures seeking ways of facilitating the access of African commodity exports to socialist countries of Eastern Europe;

- establishing a payments and clearing system for financing trade between African countries and Socialist countries of Eastern Europe

encouraging trade missions and business tours between these two groups of countries

- to this end, ECA in collaboration with UNCTAD should contact the Council of Mutual Economic Assistance (CMEA), with a view to organizing an expert meeting or a roundtable of high-ranking officials from both groups of countries to consider the most effective ways of encouraging trade flows between these two groups of countries.

(xvi) That member governments should maintain the continuity of African representations throughout all international negotiations in order to ensure effective and coordinated African position.

(b) Expansion of Domestic and Intra African Trade

(i) That intra-African trade be increased to the tune of 10% of the world total trade by the end of 1995.

(ii) That increased efforts be made to progressively reduce and eventually remove trade and customs barriers to intra-African trade especially those affecting cash crops specifically those mentioned in the Lagos Plan of Action by the end of 1995.

(iii) That efforts be renewed to support and strengthen subregional institutions for trade promotion called for in the Lagos Plan of Action.

(iv) That significant improvements be made in intra-African trade information and marketing systems and systematically monitoring and evaluating trade performance by African countries.

(v) That all African countries should commit themselves and encourage the free movement of African traders and economic operators for the purpose of promoting intra-African trade. Furthermore, that prompt action be undertaken to increase and regularize border-trade where necessary, by creating 'border free trade zones' within which traditional operators may continue to function.

(vi) That where circumstances permit, priority be given to African tenders for the provision of goods and services offered by or originating from other African countries.

(vii) That use of African airlines and shipping lines be increased for freight services and transportation of goods for intra-African trade.

(viii) That appropriate pricing policies and other incentives designed to encourage domestic and intra-African trade be encouraged, especially in food and food products.

(ix) That steps be taken to link trade development with progress in other sectors such as industry, agriculture, education and training, transport and communication as outlined in paragraphs 76 of the Africa's Priority Programme for Economic Recovery 1986 1990 adopted by the 21st Summit of OAU.

(x) That prompt action be taken to develop adequate storage and distribution facilities for intra-African trade.

(xi) Called upon the Ministers of Transport and Communications to give priority to the creation or rehabilitation of inter country roads and rail links likely to encourage the growth of intra-African trade with particular emphasis on feeder and access roads permitting for easier transportation of rural produce to the market, furthermore, that various trans-African highway projects, similarly, the early completion of the various trans-African highways was stressed.

(xii) Requested ministries of industry, science and technology and energy to adopt appropriate policies and priority towards growth in intra-African Trade in order to promote the structural adjustments need in the region for development.

(c) Trade Promotion and Marketing Research in Africa

(i) That new types of intra-African Trade oriented distribution networks based on national, private and public enterprises be promoted.

(ii) That production and trade be linked within national development plans, using a macro-marketing approach complemented by training in marketing-oriented planning techniques provided by national and subregional management and trade promotion institutes.

(iii) That national, subregional and regional trade institutions be reinforced and given necessary resources in order to function properly and that a percentage of national taxes levied on imports be alloted for purposes of trade promotion.

(iv) That African Governments extend full support to the Association of African Trade Promotion Organization (AATPO) and the Federation of African Chamber of Commerce supported by fund-raising efforts to strengthen market research and supply and demand studies.

(v) That member States should strengthen their co-operation in exchange of trade information through subregional and regional trade information systems co-ordinated by ECA with technical backstopping provided by ITC.

(vi) That secretariats of ECA and OAU devise means of rationalizing the activities of AATPO, the Federation of African Chamber of Commerce and ECA's Africa Trade Center in order to avoid duplication and waste of resources.

(vii) Appealled to all those African member States which had not yet indicated their participation in the Fourth All Africa Trade Fair to do so.

(d) Transnational Corporations in Africa

(i) That African countries should develop the ability to negotiate with transnational corporations so as to combat the techniques used by the latter to circumvent measures instituted by the African governments to try to control them.

(ii) That a national agricultural commodity and minerals export bureaux be established in each country, where this does not already exist, in order to assist member countries with over-all trade and pricing policies, information, production, distribution and marketing of primary commodities.

(iii) That local African managerial and technical expertise be developed in order to influence other decisions taken by transnational corporations affecting their development processes. African primary producers should take measures to get themselves increasingly involved in the production and marketing processes, including the mobilization of the African region natural resources with a view to accelerating the development of African countries' economies.

(iv) That mechanism in production, marketing and information be established not only among African countries but also with other developing countries with respect to specific commodities.

(v) That measures be taken to enable African countries to exercise effective control of transnational corporations in all aspects of their operations and activities.

(e) The African Monetary Fund

That the Conference of African Ministers of Finance should ensure that all trade financing issues were fully reflected in the proposed Agreement establishing the African Monetary Fund.

(f) The Ministerial Follow-up Committee Meetings

(i) That the Ministerial Follow-up Committee on Trade and Finance for African Development be abolished but the Conference's biannual sessions should be preceded by a meeting of the African Intergovernmental Group of Experts. However, special sessions of the Conference could be convened wherever the need arose.

(ii) That to secure full attendance of all Member States at an appropriate level at all future meetings of the Conference, the Chairman of the Conference of African Ministers of Trade be requested to take appropriate measures to appeal to his colleagues to fully participate in allfuture Conferences. Furthermore appealled to the Council of Ministers of the OAU to recommend to the current Chairman of the Organization of African Unity to take appropriate measures to request all African Heads of State and Government to give appropriate directions enabling their Ministers of Trade to attend all sessions of the Conference.

(iii) That ECA and OAU secretariats should negotiate with all governments hosting future African meetings for reductions in the cost of hotel accomodation, in view of the growing costs of travel and accomodation for delegations to meetings so as to permit full participation by all Member States.

E. RESOLUTIONS ADOPTED

Resolution new round of multilateral trade negotiations

The Eighth Conference of African Ministers of Trade,

Recalling Annex I to the Declaration AHG/Decl.1(XXI) adopted by the 21st Ordinary Session of the Assembly of Heads of State and Government of the Organization of African Unity on the Africa's Priority Programme for Economic Recovery (1986-1990)

Having considered the recommendations of the Inter-governmental group of Experts on the proposed round of multinational trade negotiations under the General Agreement on Tariffs and Trade (GATT)

Gravely concerned about the deteriorating international economic environment, in particular the increasing use of protectionist trade measures which hamper Africa's economic recovery effort

Emphasizing the need to set up a new international trading framework, including agreement on new trading rules and principles covering inter alia structural adjustment, preferential treatment for developing countries and the elimination of protectionist measures aimed at hampering access of manufactures and semi-manufactures from developing countries to markets of developed countries

Recalling that the results of the Tokyo Round of multilateral trade negotiations under GATT are not satisfactory to developing countries and that the important recommendations and agreements reached in those negotiations and those contained in the Programme of Action of the GATT Ministerial Conference of 1982 have not been implemented by the developed countries,

Conscious of the need for careful preparation and effective participation by African countries in future rounds of multilateral trade negotiations,

1. Decides that a preparatory meeting of African experts should be convened prior to any future round of multilateral trade negotiations for the purpose of consulting and harmonizing the African position

2. Requests the preparatory expert group mentioned in 1 above to accord high priority to the questions of agricultural products, special trade preferences and trade in services

3. Requests the OAU and ECA secretariats to assist the African expert group to consult on the issues surrounding the new negotiations with a view to arriving at a harmonized African position and effectively participating in the negotiations

4. Requests the Secretary General of OAU and the Executive Secretary of ECA to take appropriate measures to implement this resolution and report on their action, bearing in mind the mandate of the Permanent Steering Committee established by the 21st Assembly of Heads of State and Government of OAU.

2 (VIII). Resolution on the establishment and development of a regional African Trade Information System

The Conference of African Ministers of Trade,

Mindful of the cardinal importance which the Lagos Plan of Action and Final Act attached to the promotion of intra-African trade as a mainstay of the African strategy for socio-economic development and collective self reliance,

Conscious of the important role trade information plays in the development and expansion of African trade in general and especially intra-African trade,

Regretting the absence of adequate mechanisms for the dissemination of trade information between African countries,

Noting further the urgent need to strengthen national, subregional and regional services of existing trade promotion centres with a view to promoting trade information exchanges between African countries,

1. Expresses its appreciation of activities jointly undertaken by ECA and ITC UNCTAD/GATT for the establishment of trade data banks and a regional trade information system based on a rational use of facilities available at PADIS;

2. Invites African countries and their economic groupings to fully support joint ECA/ITC-UNCTAD/GATT activities in the field of information

3. Invites donor countries and UNDP to provide financial support to ITC-ECA joint trade information projects

4. Requests the ECA Executive Secretary and the ITC Executive Director to give priority to activities for the establishment of trade data banks and trade information systems.

3 (VIII). Resolution on the Proposed Code of Conduct on Transnational Corporations

The Eighth Conference of African Ministers of Trade,

Reaffirming the universally recognized need for a stable multilateral framework for the operations and treatment of transnational corporations, as reiterated in a number of international instruments, in particular, the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56),

Considering the importance of such stability and predictability in the orderly conduct of international economic relations, in the avoidance and minimization of investment disputes, and in the promotion of economic growth and development to the mutual advantage of all countries and peoples,

Convinced that the Code of Conduct on transnational corporations currently under negotiation can make an important contribution to the establishment of a stable and predictable framework and to minimizing the negative effects of the activities of transantional corporations on Africa's economic growth and development,

Taking note of the substantial progress already made in the Code negotiations by the Commission on Transnational Corporations and the urgency for achieving a speedy resolution of the outstanding issues, in view of the common interests of all countries in the successful conclusion of the negotiations,

1. Supports the effort which is currently being deployed to resolve the outstanding issues in the negotiation of a code of conduct on transnational corporations,

2. Appeals to the members of the Commission to seriously examine the proposals of the Chairman of the Commission, and those of the Expert Advisers to the reconvened special session of the Commission held from 17 to 21 June 1985

3. Urgently appeals to the membergof the Commission to give serious consideration to these proposals alongside the proposals made by the Chairman of the Commission on behalf of the Bureau, and the proposals of delegations,

4. Urges an expeditious conclusion of the negotiations at the reconvened special session of the Commission in January 1986 in light of the promising texts currently available on the outstanding issues.